

**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE WRITTEN
MINUTES OF THE COMMITTEE ON LOCAL GOVERNMENT FINANCE ("CLGF") SUB-
COMMITTEE ON ENTERPRISE AND SPECIAL REVENUE FUND GUIDANCE'S APRIL
24, 2015 MEETING – AGENDA ITEM 3 – PROPOSED GUIDANCE LETTER RE:
THE NATURE AND USE OF SPECIAL REVENUE AND ENTERPRISE FUNDS**

Introduction: On February 6, 2015 the Incline Village General Improvement District's ("IVGID's") Director of Finance, Gerry Eick, made a presentation before the CLGF supporting his request that the CLGF approve IVGID's request to change its Community Services and Beach (i.e., recreation) Enterprise Funds' classifications and reporting. Prior to Mr. Eick's presentation, Kelly Langley, Supervisor of the Department of Taxation's ("the DOT's") Local Government Finance Department, a Division of Local Government Services, in no uncertain terms represented to me that *IVGID could not make the change without first obtaining DOT approval*. Given Mr. Eick had not yet submitted IVGID's request for the change, last December (2014) my wife and I as full time Incline Village residents and taxpayers, asked for a meeting with Ms. Langley's supervisor, Terry Rubald, the DOT's Deputy Executive Director. That meeting took place on January 7, 2015, and Ms. Rubald was joined by Ms. Langley. There my wife and I laid out what we believed were Mr. Eick's true motivations for the change, what we suspected would be his arguments in support, how they would be disastrous for our community if approved, and our opposition. We shared documentation with Ms. Rubald so she could understand Mr. Eick's financial shenanigans¹, and asked we be notified if and when Mr. Eick submitted his formal application for change so we could substantively respond. We were assured we would be so notified. *We were not*.

Apparently three weeks later, unbeknownst to anyone in our community other than IVGID staff, Mr. Eick submitted a January 28, 2015 Memorandum of support ("the Memorandum") to the DOT². The Memorandum falsely represented the alleged "need to make these changes based on consideration of the methods by which the District ha(d) and expect(ed) to consider setting (its) annual Facility Fee(s) for...(its current enterprise) Community Services...and...Beach Funds(s),"³ and concluded that there would be "an (alleged) intrinsic benefit to this change as it relate(d) to...our constituency('s)...understanding (of IVGID's) finances" (i.e., greater transparency). Breaking out "the format of "Special Revenue, Capital Project and Debt Servicing financial reporting (according to Mr. Eick would allegedly)...allow each element of the Facility Fee to be clearly represented both as budgeted and executed." Mr. Eick falsely represented that IVGID staff was attempting to "seek better

¹ As IVGID's Director of Finance, Mr. Eick has been the chief architect.

² A copy of the Memorandum is attached to this written statement as Exhibit "A." It was part of the CLGF's packet of materials prepared in anticipation of its February 6, 2015 meeting, and can be viewed at

http://www.tax.nv.gov/Boards/Committee_on_Local_Govt_Finance/CLGF_Meeting_Documents/CLGF_2015_Feb_6/02-06-2015_CLGF_Exhibit_Packet.pdf.

³ See the language next to the asterisk I have placed on page 1, ¶II. Background, of the Memorandum.

(financial) transparency," and that the proposed changes would "definitely be appreciated by our constituents."⁴

In response to the Memorandum, Ms. Langley apparently suggested to Mr. Eick that he make a formal presentation to the CLGF. This presentation apparently took place on February 6, 2015⁵, and no one from the DOT notified my wife and I nor other community members that there would be a hearing on the proposed changes before the CLGF. Nor did anyone from the DOT notify us that on the same agenda, item 7(b) would be considered: a "discussion and consideration of regulatory or other guidance to (the) Department regarding appropriate use(s) of special revenue funds and enterprise funds." Although written minutes of that meeting have not yet been approved, as a result of these two agenda items, I believe we're here today to consider the DOT's proposed "guidance letter."

This last Tuesday, April 21, 2015, Ms. Langley apparently realized her past notice errors as she sent me an e-mail advising of this afternoon's subcommittee meeting. Given I was deprived of notice to address the CLGF on February 6, 2015, the purpose of this written statement and my appearance today before is to demonstrate that ***Mr. Eick's representations to the CLGF on February 6, 2015 were false, that his proposed changes will accomplish the exact opposite of "prudence and efficiency in the expenditure of public money"*** as NRS 354.472(1)(d) mandates and that DOT staff is wrong when it concludes IVGID's recreational fund structure may be "special revenue" rather than "enterprise."

The Subcommittee Needs to Understand IVGID's Fund Structure: IVGID's "accounts...are organized on the basis of funds and account groups...The various funds are grouped into Governmental...and Proprietary Funds."⁶ IVGID's "Fund Structure" is diagramed on page 16 of the Budget⁷. For purposes of this discussion, I have placed an asterisk next to the two subject enterprise funds; Community Services and Beach. I have also placed an asterisk next to the following language which appears on page 16 of the Budget:

⁴ See the language next to the asterisk I have placed on page 5, ¶V. Comments, of the Memorandum.

⁵ See agenda item 3(c) at http://tax.nv.gov/Boards/Committee_on_Local_Govt_Finance/CLGF_Meeting_Documents/CLGF_February_6_2015_Docs/.

⁶ See the language next to the asterisk I have placed on page 15 of IVGID's current fiscal year's budget ["the Budget" ([https://www.yourtahoeplace.com/uploads/pdf-ivgid/2014-2015_Operating_Budget_\(194_Pages\)_rev_9-18-14.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/2014-2015_Operating_Budget_(194_Pages)_rev_9-18-14.pdf))]. A copy of this page is attached as Exhibit "B" to this written statement.

⁷ A copy of this page is attached as Exhibit "C" to this written statement. Note the asterisks I have placed next to IVGID's enterprise funds.

IVGID's "enterprise funds are used to account for revenue earned; expense(s) incurred; and net income for (their) *business-type* functions. *These businesses* are (financially) supported from fees paid by their users."⁸

Although IVGID is a political subdivision in name, in the real world it is really *a series of commercial for profit recreation business enterprises*⁹ which cater to the world's tourists while competing head-to-head with its private sector counterparts. For this reason it readily admits that "it functions *more as a business because of the enterprise nature of most of its activities.*" And it revels in the notion it "brings around 220,000 tourists each year to the (Lake) Tahoe Basin with an annual estimated impact to local business of \$44 million" where its "golf...ski (and other recreational) venues compete with similar resorts which are private or publicly owned businesses."¹⁰

IVGID reports the financial operations of all of these businesses but for the beaches in its Community Services (enterprise) Fund. Under this umbrella fund IVGID reports as sub-funds, the financial operations of each of its recreational venues (i.e., golf, ski, facilities, parks, the Recreation and tennis centers, etc.) *businesses*. The financial operations of the beaches are reported separately in IVGID's Beach enterprise Fund. The subcommittee can see the organizational structure of IVGID's financial reporting of these recreation enterprise funds and sub-funds on page 49 of the Budget¹¹.

These functions fit squarely into the NRS 354.517(1) definition for enterprise funds:

"fund(s) established to account for operations: which are financed and conducted in a manner *similar to the operations of private business enterprises*, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users."

⁸ This is the NRS 354.517(1) definition of an enterprise fund.

⁹ Those businesses include two golf courses; Diamond Peak Ski Resort; a Multi-Use Recreation Center complete with indoor pool; a world class 11 court Tennis Center; corporate meeting, event and wedding facilities; athletic fields for baseball, soccer, lacrosse, track and field; four beaches fronting the northeastern shore of Lake Tahoe which include an outdoor pool, boat and kayak launching facilities; retail sales of sports equipment, clothing and soft goods not only on District owned property but inside the Lake Tahoe Hyatt Hotel shopping mall; a restaurant, food court and several snack shops; two bars which serve alcoholic beverages; a 5 acre "Incline Lake;" wetlands for hunting; a skateboard park; a disc golf course; etc., etc.

¹⁰ See this language next to the asterisk I have placed on page 13, Current Economic Profile, of the Budget. A copy of this page is attached as Exhibit "D" to this written statement.

¹¹ A copy of this page is attached as Exhibit "E" to this written statement. Note the asterisks I have placed next to IVGID's stand alone Community Services and Beach Enterprise Funds.

Therefore given IVGID is like no other political subdivision in the State, I and others I know believe it would be wrong and counter-productive to the purposes of NRS 354.472(1)(d) and 354.517(1) for IVGID to be permitted to report its business-type functions through any type of fund *other than an enterprise fund*.

And the Subcommittee Needs to Understand Exactly What IVGID's Facility Fees¹² Really Represent: According to IVGID, its General Fund reports the costs of "central services" provided to its various *business enterprise* departments. Since those departments are limited to water and sewer utility and recreational services; internal services provides nothing more than engineering, fleet and building maintenance services to IVGID's *business enterprise* departments; and the utility department employs 32.4 full time equivalent employees ("FTEs") out of a total system wide 233.5 FTEs¹³; nearly 87% of the General Fund's central services are provided to the Community Services and Beach Funds.

So what expenses does the General Fund report that are primarily provided to Community Services and the Beaches? I have attached page 53 from the Budget as Exhibit "G" to this written statement. I have placed an asterisk above the column which reports 2013-14's estimated actual numbers. Where do the revenues come from to support these expenses? Central services and *ad valorem* and consolidated taxes. Since central services revenue represents nothing more than inter-fund transfers from IVGID's Community Services, Beach and Utility enterprise Funds, most of the \$2.5M combined of *ad valorem* and consolidated taxes pay for the central services the General Fund provides to IVGID's commercial recreation business operations. In essence IVGID's General Fund ***subsidizes recreational venue administrative business expenses*** which as the subcommittee will see, ***are not covered by the user fees these venues generate***.

According to IVGID its Community Services Fund is used to account for revenue earned; expense(s) incurred; and net income for *business-type* functions at each of its recreational facilities but for the beaches¹⁴. Although IVGID represents that "these businesses are (financially) supported from fees paid by their users," as the subcommittee will see, this is another false statement. I have attached page 81 from the Budget as Exhibit "I" to this written statement. This page represents a summary of revenues and expenses assigned to the Community Services Fund as a whole. Under the 2013-14 estimated actual column I have placed an asterisk next to a \$5,967,000 revenue entry labeled "Facilities Fees." This is a "Recreation Facility Fee" ("the RFF"), and it is one of the two Facility Fees Mr. Eick speaks of in the Memorandum.

¹² Remember that according to Mr. Eick, breaking out "the format of "Special Revenue, Capital Project and Debt Servicing financial reporting (would allegedly)...allow *each element of the Facility Fee* to be clearly represented both as budgeted and executed."

¹³ These numbers come from page 168 of the Budget. A copy of this page with asterisks placed next to the number of FTEs assigned to Utilities compared to the District as a whole, is attached as Exhibit "F."

¹⁴ As evidence of the foregoing statement of fact, I have attached a copy of page 79 of the Budget, Executive Summary, as Exhibit "H" to this written statement.

The RFF is not a user fee. Rather, it is the involuntary financial subsidy local property owners are assessed to cover the difference between recreational facility revenues from all sources and expenses for all purposes system wide so IVGID can claim a "balanced budget."

According to IVGID its Beach Fund is used to account for revenue earned; expense(s) incurred; and net income for *business-type* functions at the beaches. Although IVGID represents that "th(is) business (is financially) supported from fees paid by their users," as the subcommittee will see, this is another false statement. I have attached page 127 from the Budget as Exhibit "J" to this written statement. This page represents a summary of revenues and expenses assigned to the Beach Fund. Under the 2013-14 estimated actual column, I have placed an asterisk next to a \$773,800 revenue entry labeled "Facilities Fees." This is a "Beach Facility Fee" ("the BFF"), and it is the second of the two facility fees Mr. Eick speaks of in the Memorandum.

The BFF is not a user fee. Rather it is the involuntary financial subsidy local property owners with beach access are assessed to cover the difference between beach facility revenues from all sources and expenses for all purposes so IVGID can claim a "balanced budget."

Stated Differently, IVGID Loses a Combined Nearly \$9,260,000 Annually Operating, Maintaining and Improving All of its Commercial Recreational and Beach Facilities, and This Loss is Subsidized by the RFF, the BFF, and the Ad Valorem and Consolidated Taxes it Receives: I have attached Exhibit "J" to this written statement. This exhibit consists of pages 53, 59, 81 and 127 of the Budget; summaries of revenues and expenses assigned to IVGID's General, Utility, Community Services and Beach Funds, respectively. Under the "2013-14 Est. Actual Column," I have placed a circle around the \$1,069,000 "central services revenue" entry. This entry represents interfund transfers from three of IVGID's enterprise funds [Utilit(ies), Community Services and Beach] which subsidize losses in IVGID's General Fund¹⁵. The subcommittee can see each of the transfers because they are depicted as "central services costs" in the Utility, Community Services and Beach summaries. And on the Community Services and Beach summaries, the subcommittee can see the subsidies provided by the RFF and the BFF (they are depicted by the asterisks next to the "Facilities Fees" revenue entries).

And Stated Even More Differently, These Functions Do Not Fit the Purposes For NRS 354.570 Special Revenue Funds:

A "special revenue fund" means a fund used to account for specific revenue sources, other than sources for major capital projects, which are restricted by law to expenditure for specified purposes."

¹⁵ The subcommittee can see the same allocation on Exhibit "G," insofar as 2014-15's interfund transfers are concerned.

Give the RFF/BFF cover the difference between business-type revenues and expenses *system wide*, the subcommittee can see they are *not* limited to expenditures for "a specified purpose." And according to IVGID, the RFF/BFF are *the sole* source of funding¹⁶ for "major capital projects." And given the fact IVGID has never adopted resolutions for the establishment of its enterprise Community Services Fund, or any of its many sub-funds (as NRS 354.612 mandates), it would be hard pressed to assert that revenues assigned to these funds "are restricted by law to expenditure for (any)... purposes."

Although IVGID has adopted a resolution for the establishment of its Beach Enterprise Fund¹⁷, the subcommittee can clearly see it *fails* to comport with the requirements of NRS 354.612(1) in that it does not: "set forth in detail: (a) the object or purpose of the fund; (b) the resources to be used to establish the fund; (c) the source or sources from which the fund will be replenished; (d) the method for controlling expenses and establishing revenues of the fund; and (e) the method by which a determination will be made as to whether the balance, reserve or retained earnings of the fund are reasonable and necessary to carry out the purpose of the fund." Moreover, ***nowhere does it restrict the purposes for which revenues assigned to this fund can be spent.*** Thus as I have stated, ***it is disingenuous for Mr. Eick to argue the expenditure of the BFF fits within the definition of a "special revenue fund."*** And again, Mr. Eick knows this!

What is IVGID's Statutory Authority for Assessing the RFF/BFF? Because NRS 318.197(1) declares that "the (IVGID) board may fix, and from time to time increase or decrease...swimming pool (and) other recreational facilities...rates, tolls or charges other than special assessments, including, but not limited to, service charges and *standby service charges*, for services or facilities furnished by the district, charges for the availability of service, annexation charges, and minimum charges," unsurprisingly, IVGID has labeled the RFF/BFF "recreation standby and service charges" for "the (mere) availability of the use of IVGID's beaches; boat launch ramp; Championship golf course; Mountain golf course; tennis facilities; the Chateau¹⁸; Diamond Peak Ski Resort, and Recreation Center¹⁷, including reduced rates for season passes and reduced daily rates¹⁹."

¹⁶ The subcommittee's attention is again directed to Exhibit "A;" namely, page 4. There Mr. Eick reveals "allocation tables" for the RFF and the BFF. Given both subsidize the costs of "major capital projects," system wide, ***it is disingenuous for Mr. Eick to argue their expenditure fits within the definition of a "special revenue fund."*** And Mr. Eick knows this!

¹⁷ I have attached as Exhibit "I" to this written statement a copy of IVGID Resolution No. 1783; the resolution which established the Beach Enterprise Fund.

¹⁸ Notwithstanding the fact the RFF financially subsidizes the Chateau, a meeting facility it is *not* a "recreational facility." Rather, it is a community center as are Aspen Grove, the entry to the Recreation Center and IVGID's administrative offices *all of which* are financially subsidized by the RFF.

¹⁹ Simply stated, these "benefits" consist of nothing more than the equivalent of up to five *involuntarily* purchased Costco membership [called "Picture Pass Holder" ("PPHs") and/or "punch"] cards which insofar as the RFF is concerned, allow the holder to obtain "so called" resident only user fee

But Just Because IVGID Has Used This Label, Doesn't Necessarily Mean the RFF/BFF are "Standby Service Charges:" IVGID's labeling of the RFF/BFF is neither conclusive [*Douglas Aircraft Co., Inc. v. Johnson* (1939) 13 Cal.2nd 545, 550, 90 P.2nd 572, 575] nor determinative [*Clean Water Coalition v. The Resort LLC* (2011) 127 Nev. Adv. Rep. 24, 255 P.3rd 247, 257; *State v. Medeiros* (1999) 89 Haw. 361, 973 P.2nd 736, 741; *City of Huntington v. Bacon* (1996) 196 W.Va. 457, 473 S.E.2nd 743, 752]. "It is a well-nigh universal principle that courts will determine and classify taxation *on the basis of realities*, rather than what the (exaction) is called in the taxing statute or ordinance" [*Hukle v. City of Huntington* (1950) 134 W.Va. 249, 58 S.E.2nd 780, 783; *Medeiros, Id.*]. Thus "the nature of a monetary exaction must be determined by its operation rather than its specially descriptive phrase" [*Emerson College v. City of Boston* (1984) 39 Mass. 415, 462 N.E.2nd 1098, 1105]; especially where as here the RFF and the BFF were "undoubtedly drafted with [NRS 318.197(1)] firmly in mind" [*Rider v. County of San Diego* (1991) 1 Cal.4th 1, 15, 820 P.2nd 10].

So What Are "Standby Service Charges?" Although the term is not defined in the NRS, it is defined by other states to be a minimum payment demanded of patrons adjacent to [*Chapman v. City of Albuquerque* (1959) 65 N.M. 228, 232, 335 P.2nd 558, 561] or who desire to be placed in the position to take advantage of water, sewer and solid waste disposal utility services (i.e., those services related to public health and sanitation) *to their properties* (rather than as here to their persons), at their convenience, whether they actually use those services or not [*Central Iron & Steel Co. v. City of Harrisburg* (1921) 271 Pa. 340, 346, 114 A. 258, 260]. Thus standby and availability charges are fees that are exacted for *the special benefit which accrues to property* by virtue of having water and sewer services available to it, even though those services might not actually be used at the present time [*Kennedy v. City of Ukiah* (1977) 69 Cal.App.3rd 545, 553, 138 Cal. Rptr. 209; *Kellerman v. Chowchilla Water Dist.* (2000) 80 Cal.App.4th 1006, 1011, 96 Cal. Rptr. 246, 250-51; *San Diego County Water Authority v. Metropolitan Water Dist. of Southern California* (2004) 117 Cal.App.4th 13, 27, 11 Cal. Rptr. 446, 457].

But Here We're Not Talking About Water, Sewer and Solid Waste Disposal Utility Services Related to Public Health and Sanitation: We're talking about public recreation.

And Here We're Not Talking About "Special Benefits" Which Accrue to Property: We're talking about recreational facilities and the services offered thereat offered to people.

discounts once he/she chooses to actually use a public recreational facility and to pay a user fee in *addition* to the RFF they have already paid [thus making the RFF a "minimum use" rather than "standby service" charge {see *Graham v. City of Lakewood Village* (1990) – Tex.App. –, 796 S.W.2nd 800, 802 (*Graham*)} because once a PPH becomes an actual customer, the "standby service" charge doesn't go away]. And insofar as the BFF is concerned, PPHs entitle the holder and his/her "guests" to access and use IVGID's beaches. For the PPH, beach access is free. To his/her "guest," access is subject to "guest fees." IVGID reports that over 40% of beach use is by non-PPHs without beach access.

And Since IVGID's Recreational Facilities are "Public" Facilities, They're Just as Available For Use by Any Member of the General Public Who Does *Not* Pay the RFF, as They Are Available to Those Who Pay the RFF: Where as here alleged benefits accrue to members of the general public as well as those who are being involuntarily assessed a fee, *there is no special benefit*. As *Silicon Valley Taxpayers Ass'n., Inc. v. Santa Clara County Open Space Authority* (2008) 44 Cal.4th 431, 441-42, 187 P.3rd 37, 44-45 recognizes, "when everything is special, nothing is special." And for this reason charges such as the RFF have been invalidated *as being taxes* [see *McMillan v. Texas National Resources Conservation Comm'n* (1998) – Tex.App. –, 983 S.W.2nd 359, 365 (invalidating a blanket standby service charge assessed against *all* properties within a political unit, regardless of benefit); *Okeson v. City of Seattle* (2003) 150 Wash.2nd 540, 554, 78 P.3rd 1279, 1287 (invalidating a standby service charge assessed for streetlights which benefitted *the general public as a whole*); and, *Lane v. City of Seattle* (2008) 164 Wash.2nd 875, 883, 194 P.3rd 977, 980 (invalidating a standby service charge assessed for fire hydrants which benefitted *the general public as a whole*)].

How the RFF/BFF Are Collected: Each year IVGID uses the vehicle of NRS 318.201 to involuntarily assess each non-exempt dwelling unit within its boundaries the RFF/BFF. They then attach as liens against each dwelling unit owner's property and are collected by the Washoe County Treasurer "at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the county" [NRS 318.201(11)].

Because Each Year IVGID's Local Property Owners Are Involuntarily Subsidizing \$9.26M or More of "Business-Type" Losses With the RFF, the BFF and Their *Ad Valorem* Taxes, Hopefully the Subcommittee Can Appreciate Why it is So Vital for IVGID's Financial Reporting to Demonstrate the "Prudence and Efficiency in the Expenditure of (These) Public Money(s):" as NRS 354.472(1)(d) mandates. Mr. Eick's proposed changes will be counter-productive because they will allow IVGID to freely make what are today impermissible NRS 354.613 fund transfers, and they will remove the requirement IVGID report the cash flows of its commercial business enterprises²⁰.

Moreover, Mr. Eick's Proposed Changes Will Make IVGID's Financial Reporting *Less "Transparent" to the Public*: Because I have discussed this subject in my companion written public comment, I will not duplicate the effort here. Rather, I direct the reader to that companion written statement.

IVGID's Intended Use of Special Revenue Funds to Report Expenditure of the RFF/BFF is *Not* in Accord With GASB 34, ¶67: contrary staff's proposed guidance letter ("the letter"). The letter makes the following conclusions:

²⁰ Because both of these subjects are discussed in my companion written public comment, I will not duplicate the effort here. Rather, I direct the reader to that companion written statement.

1. "Since a general improvement district is *not* required (by law or regulation) to recover costs through rates, tolls or charges under NRS 318.197, an enterprise fund is (allegedly) *not* required to be used."²¹

2. Since IVGID's "pricing policies" are allegedly *not* "designed to recover its costs of providing services, including capital costs" for "any activity for which management establishes fees and charges," those activities do not "requir(e) enterprise fund reporting."²²

3. Where as here "the district's activity is (allegedly) financed with debt secured (from) *both* taxes and user fees...it is *not* required to use the enterprise fund accounting."²³

4. Where "at least 20% of the total inflows reported in the fund (are) restricted and/or committed to the purpose for which the fund was created, the restricted and committed revenue (allegedly) must be recognized as revenue of (a) special revenue fund."

My evidence to the contrary is set forth below:

1. IVGID *IS* "required (by law or regulation) to recover costs through rates, tolls or charges under NRS 318.197:" IVGID has adopted Policy No. 6.1.0 which is intended to ensure prudent financial practices. And one of those practices is a balanced budget²⁴. Given IVGID losses \$9.26M annually operating its "business-type" recreation facilities, and the RFF and the BFF are adopted pursuant to the authority of NRS 318.197(1), IVGID policy mandates that those losses be recovered through the RFF/BFF in order to attain a "balanced budget."

Moreover, where does the subcommittee think the money comes from to pay for this level of annual losses? As I discuss under ¶12 below, the RFF roughly 8,200 "ratepayers" involuntarily pay. In other words, IVGID's regulations require it to recover its business-type losses "through rates, tolls or charges under NRS 318.197." As such IVGID's use of revenues assigned to its recreation funds and their expenditure *do* "requir(e) enterprise fund reporting."

2. IVGID's "pricing policies" *ARE* "designed to recover its costs of providing services, including capital costs" for "any activity for which management establishes fees and charges:" As I have demonstrated, the RFF and the BFF are adopted pursuant to the authority of NRS 318.197(1). And

²¹ See pages 3 and 5 of the letter.

²² See page 3 of the letter.

²³ See pages 2 and 5 of the letter.

²⁴ I have attached as Exhibit "K" to this written statement a copy of the first page of this Policy. Note ¶6.1.0.1.1 which states that, "the District *shall* adopt a practice(s) that...encourage...commitment to a balanced budget."

they are intended to subsidize the difference between the costs IVGID incurs making its recreational facilities and the services offered thereat, and the revenues they generate. I have attached as Exhibit "L" to this written statement further evidence of this truism; pages 2-3 of the minutes of an April 7, 2015 IVGID "Golf Operations" committee meeting²⁵. I have placed asterisks next to language²⁶ which demonstrates that IVGID's golf operations are losing many hundreds of thousands of dollars annually, and that those losses are intended by IVGID to be subsidized by the RFF roughly 8,200 "ratepayers" are involuntarily assessed. The subcommittee can see that the IVGID Board has adopted a policy that although IVGID's recreational facilities should "breakeven on operations, capital and debt service," staff hasn't take this policy "seriously." Because IVGID's "pricing policies" do not recover its costs of providing these services (i.e., a \$800,000 loss insofar as golf alone is concerned), the RFF has been used to subsidize the loss.

In other words, since IVGID's "pricing policies" *are* "designed to recover its costs of providing services, including capital costs" for *all* "activit(ies) for which management establishes fees and charges," IVGID's use of revenues assigned to its recreation funds and their expenditure *do* "requir(e) enterprise fund reporting."

3. IVGID's Bonded Indebtedness is *NOT* "financed...(from) *both* taxes and user fees:" IVGID uses a very unique form of bonded indebtedness. It's called general obligation bonds ("GOBs") which are *additionally* secured by the RFF/BFF. But this technique does *not* make the indebtedness payable in any shape or form from taxes. Although at first blush the subcommittee might conclude that IVGID's GOBs are payable, in part, from *ad valorem* taxes, in the real world they are *not*!

IVGID has exploited an exemption which allows it to issue GOBs *without* using its tax revenues to repay them. NRS 350.020(3) states that where "payment of a general obligation...is *additionally secured* by a pledge of gross or net revenue of a project to be financed by its issue, and the governing body determines, by an affirmative vote of two-thirds of the members elected to the governing body, that the pledged revenue will *at least equal the amount required in each year for the payment of interest and principal*, without regard to any option reserved by the municipality for early redemption, the municipality may...incur this general obligation without an election." And this is precisely what IVGID does²⁷ to avoid seeking voter approval.

²⁵ See https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Special_Meeting_4-28-2015.pdf.

²⁶ Mssrs. Smith and Hammerel are both IVGID Trustees. Mr. Metzler is a consultant (from Empire Golf) making a presentation to the committee concerning golf operations.

²⁷ I have attached as Exhibit "M" to this written statement pages 4-6 of IVGID's "Debt Management Policy." I have placed asterisks next to language which confirms that IVGID's GOBs "are payable by the District from any source legally available;" one of those sources is "certain pledged revenues" (i.e., the RFF/BFF); and, that "the District currently has no outstanding general obligation debt paid by the levy of a specific property tax. Principal and interest on the District's debt are payable *from the various*

Note the language in NRS 350.020(3) which states that "the governing body (must) determine ...that the pledged revenue will *at least equal the amount required in each year for the payment of interest and principal.*" When the IVGID Board makes this determination, it is representing that the RFF/BFF is at least *equal to* if not well in excess of the amount required each year for the payment of interest and principal. In other words, *no portion* is paid with IVGID's taxes. This fact can be confirmed by examining IVGID's General Fund summary of sources and uses (Exhibit "J"). This is the fund into which tax revenues are assigned. And as the subcommittee can see, debt service does *not* appear as an expense. This fact can also be confirmed by examining the Memorandum (Exhibit "A"). If the subcommittee focuses its attention to page 4 where Mr. Eick has inserted his RFF/BFF allocation table, it will see that 100% of IVGID's recreation GOBs are paid from RFF/BFF allocations.

In other words, since IVGID's GOBs are exclusively repaid from user fees, revenues and expenses assigned to its recreation funds *do* "requir(e) enterprise fund reporting."

4. None of the recreation revenues assigned to IVGID's Community Services or Beach Funds, let alone a minimum of 20%, are "restricted and/or committed to the purpose for which the fund(s) w(ere) created:" I have previously demonstrated that since IVGID has failed to adopt resolutions establishing essentially *any* of its recreation accounting funds. Coupled with the absence of law which compels the RFF/BFF and user fees be used to pay for recreational facility costs, those revenues and their expenditure *do* "requir(e) enterprise fund reporting."

Conclusion: For decades IVGID has been reporting its *business-type* recreational facility activities via enterprise funds because they are financially supported and subsidized from fees paid by their users. ***Why the sudden change?*** Moreover, the IVGID Board has adopted policies which require: all direct costs (including capital costs such as depreciation or debt service) associated with its recreational facility activities to be recovered through rates, tolls or charges adopted under NRS 318.197(1); all of its GOBs to be additional secured by and paid solely from the RFF/BFF; and essentially none of the revenue assigned to the enterprise Community Services or Beach Funds is restricted or committed to a particular purpose. Therefore the justification for changing IVGID's recreation enterprise to special revenue funds simply does not exist. And when these facts are reconciled with the danger of *less* transparent financial reporting and the circumvention of NRS 354.613's interfund transfer

pledged revenues of the District. There is no impact on the property tax rate so long as the net pledged revenues are sufficient to pay debt service," which they always are. Page 6 of the Policy states all outstanding GOB Debt as of June 30, 2011. I have placed an asterisk next to the admission that all \$12,565,000 of outstanding recreational facility debt is paid for with "recreation revenue;" i.e., the RFF/BFF.

prohibitions, one must ask why *any guidelines have been suggested?*

Respectfully,

A handwritten signature in dark ink, appearing to read 'Aaron Katz', with a large, stylized flourish extending to the right.

Aaron Katz

P.O. Box 3022

Incline Village, NV. 89450

(775) 833-1008

EXHIBIT "A"

MEMORANDUM

TO: Committee on Local Government Finance
State of Nevada Department of Taxation

THROUGH: Steven J. Pinkerton
General Manager
Incline Village General Improvement District (IVGID)

FROM: Gerald W. Eick, CPA CGMA
Director of Finance, Accounting, Risk Management and Information
Technology
Incline Village General Improvement District

SUBJECT: Report regarding potential conversion of Community Services
Enterprise Fund and Beach Enterprise Fund classification to Special
Revenue Fund classification

DATE: January 28, 2015

I. RECOMMENDATION

IVGID staff is recommending the District adopt a change in application of accounting principles to utilize the Special Revenue Fund classification for the District's activities currently utilizing the Enterprise Fund classification, for the District's Community Services Fund and Beach Fund. In our professional opinion, this application is considered a more appropriate one given the definitions under Governmental Accounting Standards Board (GASB) Statement 54 and the conditions under which the District provides services, asset management and debt service through the Community Services Fund and Beach Fund. The change would be effective July 1, 2015 for the fiscal year ending June 30, 2016. The District has received concurrence by its current auditor that such an application could expect to receive an unmodified audit opinion.

II. BACKGROUND

IVGID staff identified the need to make these changes based on consideration of the methods by which the District has and expects to consider setting the annual Facility Fee for each of the Community Services Fund and the Beach Fund. The primary change has come from the approach for determining the annual Facility Fee, which has components to provide resources for operations, capital

★

expenditure and debt service. Through 2011, this process essentially followed a course to first define the needs for each component and then, set the Facility Fee accordingly. In 2012 the District instituted a process we have called "smoothing" to intentionally change the timing of capital projects to result in no change to the aggregate Facility Fee.

The premise of Enterprise Funds is that pricing policies establish fees and charges designed to cover its necessary costs, including capital costs (such as depreciation or debt service). This premise has remained reasonably in place through the year ending June 30, 2015.

Under GASB 54, Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. With our change in approach to setting fees, we have continued to present our decisions aimed at the various venues constituting Community Services (Golf, Facilities, Ski, Recreation, Recreation Administration, Tennis and Parks) and separately the Beach. Thus we have and continue to make the assessment of the Facility Fee for a specified purpose. All fees and charges are segregated through the sub-fund accounting for each venue. Both the timing and allocation of the Facility Fees among operations, capital expenditure and debt service has changed from year to year and over time. Over the last few years the flow of resources has always met debt service first, then operating needs and the remainder for capital expenditure to the extent possible. Given the District has recently passed its 50th anniversary, we are increasingly aware of the need for asset management and more detailed capital planning. For the Community Services Fund and the Beach Fund this is not accomplished by constant reinvestment as is the case for our other Enterprise activity, Utilities, but rather over defined periods fluctuating among the various venues. The District intends that a part of this change in application of accounting principles will include capital expenditure and debt service reporting as it occurs within each fiscal year, regardless of stated needs. However, the ongoing committed balances established by the Board would be measured and reported as Special Revenue Funds based on a flow of resources. These resources would then be used as scheduled projects occur.

III. FINANCIAL IMPACT

Net Position Remains Intact after the Conversion

IVGID staff has developed a template for the conversion of the current Enterprise Funds for Community Services and the Beach. An example of the application of that template is attached to demonstrate the conversion of the audited balances from June 30, 2014. It is important to note that Net Position remains intact for

each Fund following the conversion. It is the stated intention of the District that no Net Position of the converted Enterprise Funds would be transferred to another fund. Each Residual Transfer would be one to the other.

Bond Issues Outstanding as Liabilities of the subject Enterprise Funds

IVGID staff also has considered the consequences of the two bond issues currently outstanding which provided resources for equipment and facilities in past years and whose debt service has come from the Community Services Fund and the Beach Fund. These bond issues were issued by the Incline Village General Improvement District and carry a General Obligation feature. They do not name a specific fund, but infer a support of repayment to be from recreation revenues. The ability or obligation to repay these bonds will not be affected by the change in the application of an accounting principle. Neither bond was issued with a dedicated debt service fund or reserve requirement. The specific Bond issues are:

\$7,000,000 Incline Village General Improvement District, Nevada, General Obligation (Limited Tax) Medium-Term Recreation Bonds Series 2008. As of June 30, 2014 the unpaid principle was \$3,125,000. Its final maturity is June 1, 2018. The Facility Fee includes \$110 per year per parcel for the debt service of this bond within the Community Services Fund.

\$3,475,000 Incline Village General Improvement District, Nevada General Obligation (Limited Tax) (Revenue Supported) Recreation Refunding Bonds Series 2012. As of June 30, 2014, the unpaid principle was \$3,166,000. Its final maturity is March 1, 2023. The Facility Fee includes elements to service this bond. Based on how the original proceeds were used for various projects, this results in 1.61% for the Beach Fund and the remaining 98.39% for the Community Services Fund. Based on the average annual debt service, this would equate to \$48 per year per parcel in the combined Facility Fee.

Interfund Allocations and Central Services Allocations

The District has followed the administrative requirements of allocating Central Services costs under paragraph (C) of subsection 1 of NRS 354.613. A copy of the current allocation format is attached for the fiscal year ending June 30, 2015. The District does not anticipate any substantive change to the effect of the allocation. There may be a new element of cost to be allocated for the fiscal year ending June 30, 2016 (that would occur without regard to the change under discussion) because of shared costs for the District's new Information Technology Network. However, the general process of allocating costs to funds will otherwise follow the fund not the fund type. Therefore, there should be no direct consequence to the Utility Fund (the sole remaining Enterprise Fund) as a result of this change. The District intends to continue to allocate the expenses to

reflect the cost of operations for budgeting and financial reporting for all funds, whether they are subject to NRS 354.613 or not, to reconcile the totals.

Charges for Services (Facility Fee) collected under NRS 318.201

Annually, the District's Board of Trustees approves a resolution for the collection of Recreation Standby and Service Charges as set forth in NRS 318.201. Through this process the District establishes the uses of those fees in a manner that assimilates that of a commitment under GASB 54. The following is the current year's tables from the Board packet where that type of action was taken.

The following Recreation Facility Fee and Beach Facility Fee Allocation Tables provide the individual and the total dollar amount of the combined facility fees for the Community Services Fund and the Beach Fund. (Amounts in brackets represent operating resources provided to reduce the fees in other venues).

	Components			Per Parcel Facility Fee	2014-15 Facility Fee
	Operating	Capital	Debt Service		
Recreation (8180 Parcels)					
Golf	\$ 35	\$ 55	\$ 33	\$ 123	\$ 1,006,140
Facilities and Catering	11	13	22	46	376,280
Diamond Peak Ski	(196)	166	152	122	997,960
Community Programming	101	23	3	127	1,038,860
Recreation Administration	181	12	-	193	1,578,740
Recreation Reserves	-	-	-	-	-
Parks	62	42	4	108	883,440
Tennis	5	4	2	11	89,980
Recreation Facility Fee	\$ 199	\$ 315	\$ 216	\$ 730	\$ 5,971,400
Beach Facility Fee (7,743 Parcels)					
	\$ 65	\$ -	\$ 35	\$ 100	\$ 774,300

This manner of presentation and adoption will not be affected by the conversion to a Special Revenue Fund. In fact, the ability to meet the requirement for functional expenditures, as well as object level reporting, will allow a better demonstration of compliance with these components as adopted.

IV. ALTERNATIVES

The District has and could continue to utilize the Enterprise Fund classification. However, in doing so we are applying a process that is being considered less and less precise or reflective of the definitions under accounting standards. Eventually this change should be made. IVGID staff is recommending that we change the classification now with a deliberate and carefully considered process. The District has retired another recreation bond in October 2014. The shift in use of resources is expected to go to more capital expenditure for deferred projects.

V. COMMENTS

There is an intrinsic benefit to this change as it relates to understanding our finances by our constituency. Under the Enterprise Fund classification, capital expenditure and the portion of debt service that is for principal is only reported in the statement of cash flows. Members of the general public do not naturally look in two places for information to understand how the District uses their Fees. The format of Special Revenue, Capital Project and Debt Service financial reporting will allow each element of the Facility Fee to be clearly represented both as budgeted and as executed. District staff believes this will be of substantial benefit in gaining greater understanding of the District's finances and flow of resources. In a time when we seek better transparency and understanding, this will definitely be appreciated by our constituents. Regulatory users will continue to know how to navigate a Comprehensive Annual Financial Report and get the information they need whether at the government-wide or fund levels. ★

VI. NEXT STEPS

There are three distinct steps to be taken following the presentation to the Committee on Local Government Finance.

- 1) Prepare an operating and capital budget for the fiscal year ending June 30, 2016 based on the application of the change in accounting principles and submit the preliminary version to the Department of Taxation by April 15.
- 2) Complete the final operating and capital budget, along with the annual Facility Fee Roll, for the fiscal year ending June 30, 2016 for adoption on May 21, 2015.
- 3) On or before the final adoption, the Board of Trustees of the Incline Village General Improvement District will pass a resolution to form the necessary funds to accommodate the change in application of the accounting principles effective for July 1, 2015 for the Community Services Fund and the Beach Fund. The same resolution will acknowledge the dissolution of the former Enterprise Funds.

EXHIBIT “B”

May.

Capital Budget

The capital budget process requires the District's departments to prepare and submit requests for both the upcoming budget year in addition to preparing a Five-Year Summary plan as required by Nevada Revised Statutes 354.5945.

The adopted capital budget is prepared once a year in conjunction with the operating budget. Each operating area also prepares a five year summary capital plan. Both are part of a twenty year Multi-Year Capital Plan that includes all of the projects that are considered by the Board of Trustees for long term financial planning. All planned items shall fall under the following purpose and justification criteria; safety, regulatory, infrastructure, operations, and service level.

The adopted capital budget based on using available cash generated through prior operations, Recreation Facility Fee, Beach Facility Fee, issuing bonds, grants and donations, or a combination of the aforementioned. The amounts of funds available for capital projects are determined during the capital and operating budget process.

Funds approved by the Board of Trustees shall be spent on the Capital Improvement Plan (CIP) budget for each individual CIP project. Expenditures shall be made following the guidelines set forth in Nevada Revised Statutes 332.039 and 354.5945. See the Capital Budget Overview Section for additional information on the capital budget process.

Operating Budget

Each year the District's departments are provided with operating budget instructions and a timeline which includes the assumptions that are to be used in preparing their budgets. Staff prepares and submits their requests to the Accounting and Finance Department.

The Board of Trustees begins the budget process at their November Board Retreat. The Board budget work sessions begin as early as January and end the third Thursday in May with the adoption of the operating and capital budgets as required by Nevada Revised Statute. These budget work sessions the Board of Trustees communicates their direction and changes to the capital and operating budgets. By mid April the Board's changes and recommendations are incorporated into the draft budget numbers by the Accounting and Finance Department and each operating department individually, culminating into the submission of a tentative budget to the Department of Taxation (DOT) on April 15th as required by Nevada Revised Statute.

Normally additional changes follow the tentative budget that work their way into the final budget that is signed by the Board of Trustees on the third Thursday in May and filed with the DOT on or before June 1st.

Fund Structure and Budget Basis

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expense as appropriate. Fund balance in the General Fund is the difference between assets and liabilities. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending is controlled. The various funds are grouped into Governmental Funds and Proprietary Funds. The District does not use appropriations for its funds.

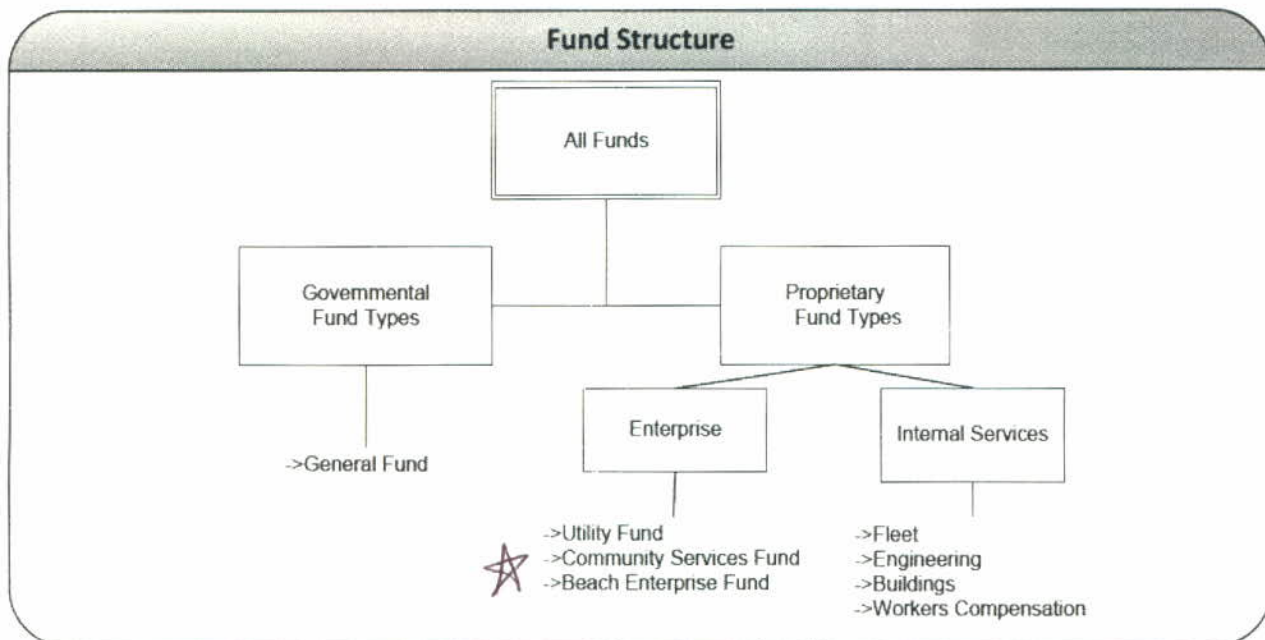


EXHIBIT "C"

Our Governmental Fund is the General Fund which is the general administration operating fund for the District. This fund accounts for all transactions not recorded in other funds and receives financial support from property taxes, sales taxes, and Central Service Cost Allocation revenue from the Utility Fund, Community Services Fund, and Beach Enterprise Fund. Expenditures are authorized in the General Fund budget and include such areas as trustees, general manager, accounting, finance, information technology, human resources, risk management, health and wellness, general administration, and community relations. These services in turn are provided to all District venues in lieu of having separate staff or functions in each location. The Central Service Cost Allocation revenue comes from charges for Accounting, Finance and Human Resources to each benefitted funds.

Proprietary Funds include Enterprise Funds and Internal Services Funds. The enterprise funds are used to account for revenue earned; expense incurred, and net income for business-type functions. These businesses are supported from fees paid by their users. Included in the enterprise funds are the Utility Fund, Community Services Fund, and the Beach Fund. ★

The Internal Services Fund is used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. Included in the Internal Service Fund is maintenance and use of vehicles and equipment, engineering, buildings maintenance, and Workers Compensation.



Performance Measurement

The District uses financial and non-financial performance measures as an integral part of the budget process. Performance measures are used to report on the outputs of each program and are related to the mission, goals and objectives of each department. The budget process was adjusted to be in sync with the Board's strategy workshop, long term principles, and to expand the program measurement section for each department. Each department selects a program benchmarks to establish their validity as a measurement. A key non-financial performance measure is the Net Promoter Score (NPS). The information to determine the NPS is gathered through the District's Customer Survey. The District is using the NPS as a key measurement to

EXHIBIT “D”

Golf Course, a new Chateau, a new high speed quad chairlift at the ski resort, and added 4 new tournament tennis courts to our tennis complex.

In November 2008, the District purchased Incline Lake from the United States Forest Service. The five acres of land purchased by the District was via an agreement with the Nevada Division of State Lands to secure about 75% of the \$1 million purchase price in Question One bonds (bonds raised by a state sales tax increase in 2002). The District's 25% of the \$1 million purchase price was funded by the District's annually assessed Recreation Facility Fee. The Incline Lake property lies on the Nevada side of Lake Tahoe within the United States Forest Service Lake Tahoe Basin Management Unit, and is adjacent to the Mount Rose wilderness area and the Tahoe Meadows area of the Humboldt-Toiyabe National Forest. The District has not set any plans in place for the Incline Lake property other than the property use will benefit the majority of the community.

Americans with Disabilities Act Compliance

In the fall of 2007 the District requested the Nevada Public Agency Insurance Pool audit the District for compliance in regards to the Americans with Disabilities Act (ADA) Title II (Public Sector) and Title III (Public Facilities). The results of the audit identified items that needed to be addressed. A majority of the items were taken care of through the operating budget and the larger ADA items are identified in the District's capital plan as ADA capital projects. Since 2007 the District has moved toward 100% compliance with Title II and III and has included planning for several ADA capital projects such as a new administrative building, a new Mountain Course Club House, and new Village Green and Incline Beach bathrooms. The 2011-12 capital budget completed the ADA Preston Park Facility Refurbishment and Parking Lot Project. During 2010-2011 Phase II – Skier Services Building was completed.

Current Economic Profile

While the District is a local unit of government formed under Nevada Revised Statutes 318; it functions more as a business because of the enterprise nature of most of its activities. The District's golf and ski venues compete with similar resorts which are private or publicly owned businesses. The District is located at Lake Tahoe, one of the premier resort destinations, offering visitors countless activities. The economic stability of the District is dependent upon a number of factors, including weather and tourism. Weather impacts whether visitors or tourists will travel to the area or if conditions are such to offer the expected service levels. These impacts affect the volume for golfing, skiing and to a lesser degree on water and sewer services. The District plays an important role in the economy as the Tahoe Basin which is largely dependent on tourism for both summer and winter recreational activities. Conservatively, the District brings around 220,000 tourists each year to the Tahoe Basin with an annual estimated impact to local business of \$44 million. ★

National and local economy plays an important role on whether Lake Tahoe tourism grows, declines, or stays flat. Similar to the rest of the nation, the District and community has been impacted by the changing economy. The economic challenges, developing late in 2008 and continuing in 2013, have been factored into the budget for the 2013-2014 fiscal year. The budget plans generally have been prepared assuming the volume of visits will increase for golf and not significantly change for most other venues.

Our recreational areas have programmed their activities with a focus on providing the best value coupled with exceptional customer service to maintain and enhance their customer base. Our marketing focuses on the strengths of each venue using strong images to highlight our proximity

EXHIBIT “E”

OPERATING BUDGET BY FUND AND SUB FUND

www.ivgid.org

This section provides the detail budget schedules of the 2014-2015 District operating budget and Capital Improvement Plan (CIP) budget for the District. The following All Funds Summary and Departments Sections are included in the Budget Plan section:

- General Fund
- Utility Fund
- Internal Services Fund
- Community Services Fund
- Beach Enterprise Fund
- Workers Compensation Fund

The following organizational chart gives the reader an overview of the District's organizational structure and how the budget schedules rolls into the "All Funds" District budget schedules.

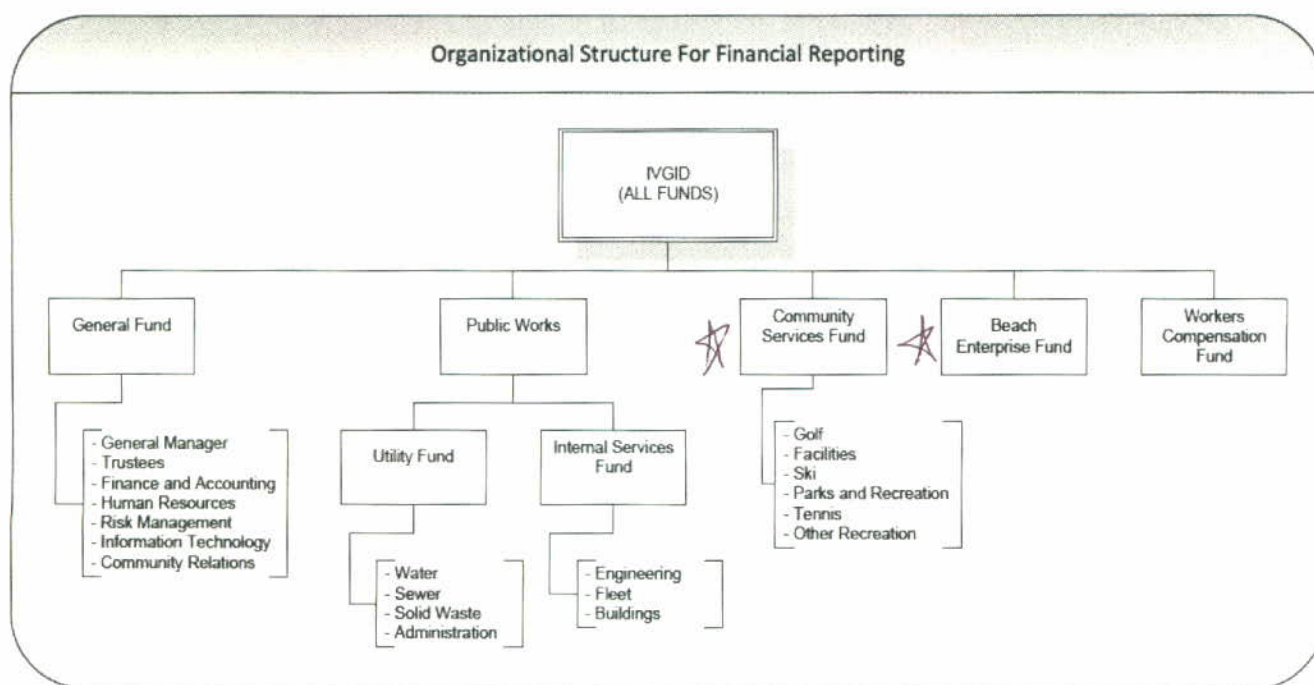


EXHIBIT “F”

Indline Village General Improvement District
2014-2015 Budget

Full-Time Equivalent (FTE) Personnel Summary
July 1, 2014

	2012-2013 Budget				2013-2014 Budget				2014-2015 Budget				Changes (+/-) 2013-2014 Budget vs. 2014-2015 Budget			
	SM/S/PT/PTYR		SM/S/PT/PTYR		SM/S/PT/PTYR		SM/S/PT/PTYR		SM/S/PT/PTYR		SM/S/PT/PTYR		SM/S/PT/PTYR		SM/S/PT/PTYR	
	No. Positions	FTE	FTYR	Total FTE	No. Positions	FTE	FTYR	Total FTE	No. Positions	FTE	FTYR	Total FTE	No. Positions	FTE	FTYR	Total FTE
Golf - Championship	721	28.0	5.1	33.1	67.1	27.1	5.2	32.3	78.0	27.7	5.8	33.5	10.9	0.6	0.6	1.2
Golf - Mountain	314	8.8	1.7	10.5	30.4	8.2	1.5	9.7	29.2	9.3	1.4	10.7	-1.2	1.0	0.0	1.0
Facilities	150	4.6	4.0	8.6	16.5	3.6	3.4	7.0	1.7	1.2	1.1	2.3	-14.8	-2.4	-2.3	-4.7
Ski	239.0	45.1	13.9	59.0	247.0	49.6	14.7	64.3	254.0	46.0	14.4	60.4	7.0	-3.6	-0.3	-3.9
Perks & Recreation	101.8	27.7	11.8	39.4	98.3	25.9	9.0	34.8	103.4	25.5	9.8	35.3	5.1	-0.4	0.8	0.4
Other Recreation	31	1.1	1.8	2.9	0.8	0.1	1.6	1.8	2.8	1.4	1.6	3.0	2.0	1.2	0.0	1.3
Subtotal Community Svcs	462.4	115.3	38.2	153.5	460.1	114.6	35.2	149.9	469.0	111.1	34.1	145.2	8.9	-3.6	-1.1	-4.7
Beach	88.1	13.2	2.1	15.3	89.0	14.3	2.8	17.1	94.0	17.3	3.0	20.2	5.0	3.0	0.2	3.2
General Fund	2.0	0.3	20.7	20.9	2.0	0.4	22.6	23.0	1.0	0.4	20.7	21.1	-1.0	0.0	-1.9	-1.9
Engineering	1.0	0.3	2.8	3.1	1.0	0.3	2.8	3.1	1.0	0.3	2.8	3.1	0.0	0.0	0.0	0.0
Fleet	0.0	0.0	6.0	6.0	0.0	0.0	6.0	6.0	0.0	0.0	6.0	6.0	0.0	0.0	0.0	0.0
Buildings	1.0	0.5	4.0	4.5	1.0	0.5	4.0	4.5	1.0	0.5	5.0	5.5	0.0	0.0	1.0	1.0
Utilities	2.0	0.7	30.2	30.9	3.0	1.0	31.2	32.2	3.0	1.2	31.2	32.4	0.0	0.2	0.0	0.2
Total	556.6	130.2	104.0	234.2	556.1	131.1	104.7	235.8	569.0	130.7	102.8	233.5	12.9	-0.4	-1.9	-2.2

- Supplemental Breakdowns for informational purposes only.

Marketing
C. S. Food and Beverage

Legend

SM - Seasonal Management
S - Seasonal
PT - Part-time
PTYR - Part-time Year-Round
FTYR - Full-time Year-Round
FTE - Full-time Equivalent

EXHIBIT "G"

**Incline Village General Improvement District
Central Services Cost Allocation Plan
For the Fiscal Year Ending June 30, 2015**

	General	Utility	Community Services	Beach	Internal Services	Total District
Base Cost						
Budgeted FTE by Fund	28.03	31.88	147.52	17.785	13.6	238.815
Allocation	11.74%	13.35%	61.77%	7.45%	5.69%	100%
Budgeted Wages by Fund	\$ 1,553,684	\$ 2,276,634	\$ 5,015,109	\$ 631,509	\$ 1,015,874	\$ 10,492,810
Allocation	14.81%	21.70%	47.80%	6.02%	9.68%	100%
Budgeted Benefits by Fund	\$ 763,395	\$ 1,178,632	\$ 1,683,803	\$ 171,035	\$ 533,986	\$ 4,330,851
Allocation	17.63%	27.21%	38.88%	3.95%	12.33%	100%
Budgeted Services & Supplies by Fund	\$ 655,600	\$ 1,566,300	\$ 4,494,650	\$ 378,520	\$ 507,500	\$ 7,602,570
Allocation	8.62%	20.60%	59.12%	4.98%	6.68%	100%
Budgeted Accounting	\$873,743					
Percentage of Costs Allocated	80%					698,994
Allocation based on Services & Supplies	60,277	144,009	413,246	34,802	46,660	698,994
Blended Allocation	15%	21%	49%	6%	9%	
Budgeted Human Resources	496,369					
HR + 20% Accounting	671,118					
Based on Wages, Benefits & FTE	98,813	139,282	332,084	38,958	61,980	671,118
Central Services Cost Allocation to Enterprise Funds	\$ 283,290	\$ 745,330	\$ 73,760			\$ 1,102,381
Annual Billing for Adopted Budget	\$ 283,000	\$ 745,000	\$ 73,000			\$ 1,101,000

Prepared and calculated in accordance with NRS 354.613 Subsection C and IVGID Board Policy 18.1.0

EXHIBIT “H”

EXECUTIVE SUMMARY

District-wide Community Services is comprised of a number of venues. Separate budgets are prepared to facilitate reporting and reflect the individual operations that provide a variety of services.

Community Services is comprised of:

The Golf Courses at Incline Village

Championship Course

Mountain Course

Facilities, utilizing The Chateau and Aspen Grove Community Building

Diamond Peak Ski Resort

Recreation Center with programming for fitness, aquatics, youth and family, sports and seniors

Other Recreation which administers Ordinance 7 related recreation privileges

Parks

Tennis

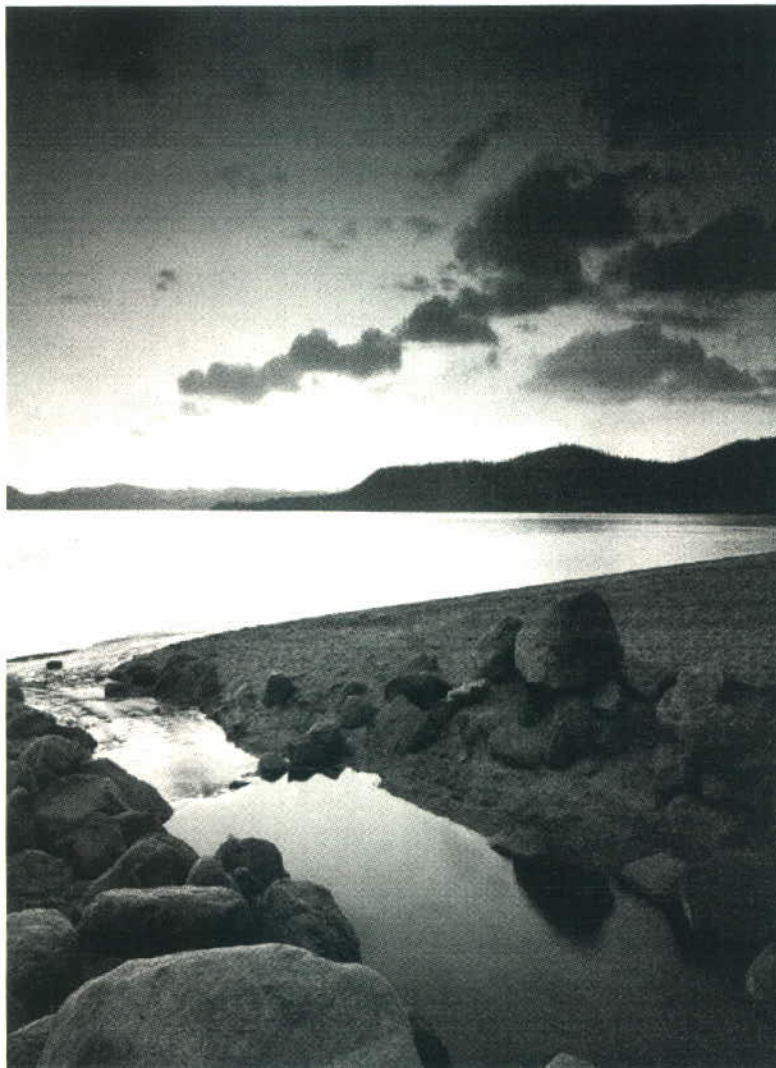


EXHIBIT "I"



Resolution Number 1783

**A RESOLUTION ESTABLISHING A BEACH ENTERPRISE FUND
FOR THE OPERATION OF THE BEACH ACTIVITIES**

Incline Village General Improvement District

WHEREAS, Section 6.12 of Chapter 354 of the Nevada Revised Statutes, as amended in the 2005 Legislative Session, requires that a resolution set forth in detail certain aspects to establish a fund, and

WHEREAS, Incline Village General Improvement District wishes to establish the Beach Enterprise Fund, effective July 1, 2008, for the purpose of accounting for the operations of the District's beach properties, such fund to be established by utilizing the existing cost centers 3610 Beaches, 3612 Beach – Parks, 3615 Beach Food & Beverage and 3617 Burnt Cedar Food & Beverage, including all budgeted revenues and expenditures as set forth in the budget adopted for the year beginning July 1, 2008 and the amount for unspent legal defense funds from the year ended June 30, 2008, in an enterprise fund according to generally accepted accounting principles,

NOW, THEREFORE, BE IT RESOLVED that the Incline Village General Improvement District Board of Trustees hereby authorize the establishment of an enterprise fund for operation of the beach properties, to be known as the "Beach Enterprise Fund;"

I hereby certify that the foregoing is a full, true, and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 30th day of April, 2008, by the following vote:

AYES, and in favor thereof, Trustees Epstein, Bohn, Brockman, Weinberger
and Wolf

NOES, Trustees: None

ABSENT, Trustees: None


Robert C. Wolf
Secretary, Board of Trustees

EXHIBIT “J”

**General Fund Summary
Sources and Uses**

	2012-13 Actual	2013-14 Budget	2013-14 Est. Actual	2014-15 Budget	\$ Chg Bud to Bud	\$ Chg Est Act to Bud
Revenues						
Ad Valorem Property Tax	1,307,715	1,297,540	1,284,600	1,392,186	94,646	107,586
Consolidated Taxes	1,192,792	1,195,000	1,234,100	1,248,000	53,000	13,900
Rents	3,711	1,600	2,700	3,600	2,000	900
Central Services Revenue	1,000,200	1,069,000	1,069,000	1,101,000	32,000	32,000
Other Financing Sources						
Investment Earnings	30,618	18,000	35,900	25,000	7,000	(10,900)
Proceeds from capital assets dispositions	3,769	-	13,500	-	-	(13,500)
Total Revenues and Other Sources	3,538,805	3,581,140	3,639,800	3,769,786	188,646	129,986
Expenditures and Uses						
Personnel Cost						
Salaries and Wages	1,533,554	1,745,655	1,674,500	1,553,684	(191,971)	(120,816)
Employee Fringe	697,383	800,195	772,400	764,398	(35,797)	(8,002)
Professional Services	171,178	228,700	145,900	348,100	119,400	202,200
Services and Supplies	371,584	483,750	407,700	655,786	172,036	248,086
Insurance	89,631	82,300	71,500	80,900	(1,400)	9,400
Utilities	43,733	52,000	45,900	50,400	(1,600)	4,500
Extraordinary Items	694,817	220,000	-	-	(220,000)	-
Capital Expenditures						
Capital Outlay	46,452	24,000	45,100	189,120	165,120	144,020
Debt Service						
Interfund Transfers and Adjustments						
Transfers In/Out	-	-	-	400,000	400,000	400,000
Total Expenditures and Uses	3,648,332	3,636,600	3,163,000	4,042,388	405,788	879,388
Net Sources and Uses	(109,527)	(55,460)	476,800	(272,602)	(217,142)	(749,402)



IVGID Departmental Budget Summary

Utility Fund Summary

Sources and Uses

	2012-13 Actual	2013-14 Budget	2013-14 Est. Actual	2014-15 Budget	\$ Chg Bud to Bud	\$ Chg Est Act to Bud
Revenues						
Sales and Fees	9,674,118	10,087,200	10,191,700	10,611,800	524,600	420,100
Intergovernmental - Operating Grants	2,574	-	2,900	-	-	(2,900)
Fines and Penalties	29,087	47,200	53,100	47,200	-	(5,900)
Interfund Services	64,272	141,400	57,600	141,400	-	83,800
Other Financing Sources						
Investment Earnings	55,666	25,200	51,200	60,000	34,800	8,800
Capital Grants	2,011,279	146,000	781,400	150,000	4,000	(631,400)
Proceeds from capital assets dispositions	17,856	-	25,900	-	-	(25,900)
Total Revenues and Other Sources	11,854,853	10,447,000	11,163,800	11,010,400	563,400	(153,400)
Expenditures and Uses						
Personnel Cost						
Salaries and Wages	2,007,809	2,166,702	2,082,300	2,276,634	109,932	194,334
Employee Fringe	986,690	1,085,217	1,055,600	1,178,632	93,415	123,032
Professional Services	71,128	97,000	127,400	97,000	-	(30,400)
Services and Supplies	1,328,414	1,539,800	1,450,000	1,566,300	26,500	116,300
Insurance	102,089	111,600	109,000	113,500	1,900	4,500
Utilities	1,001,334	1,094,400	1,046,800	1,124,300	29,900	77,500
Cost of Goods and Services Sold	6,596	-	3,000	-	-	(3,000)
Central Services Cost	263,100	291,000	291,000	283,000	(8,000)	(8,000)
Fuels Management	99,956	100,000	100,000	100,000	-	-
Capital Expenditures						
Capital Improvements	3,693,371	3,943,620	2,790,100	4,913,800	970,180	2,123,700
Capital Carry Forward	2,758,371	-	-	-	-	-
Debt Service						
Principal	773,723	443,833	443,833	456,276	12,443	12,443
Interest	177,404	193,123	193,123	180,510	(12,613)	(12,613)
Fiscal Agent Fees	-	300	300	300	-	-
Interfund Transfers and Adjustments						
Funded Capital Resources	-	(550,000)	(550,000)	(1,300,000)	(750,000)	(750,000)
Total Expenditures and Uses	13,269,985	10,516,595	9,142,456	10,990,252	473,657	1,847,796
Net Sources and Uses	(1,415,132)	(69,595)	2,021,344	20,148	89,743	(2,001,196)

IVGID Departmental Budget Summary

Community Services Fund Summary
Sources and Uses

	2012-13 Actual	2013-14 Budget	2013-14 Est Actual	2014-15 Budget	\$ Chg Bud to Bud	\$ Chg Est Act to Bud
Revenues						
Sales and Fees	11,108,579	11,645,300	10,463,100	11,571,800	(73,500)	1,108,700
Concessions	83,587	84,500	75,900	85,100	600	9,200
Sales Allowance	(734,250)	(699,960)	(439,700)	(654,200)	45,760	(214,500)
Facilities Fees	5,962,384	5,967,750	5,967,000	5,971,400	3,650	4,400
Rents	285,669	499,400	365,900	352,700	(146,700)	(13,200)
Intergovernmental - Operating Grants	93,123	94,000	103,100	81,400	(12,600)	(21,700)
Interfund Services	58,372	59,000	58,900	98,100	39,100	39,200
Other Financing Sources						
Non Operating Leases	68,594	67,600	116,300	82,600	15,000	(33,700)
Investment Earnings	28,421	11,000	23,500	30,000	19,000	6,500
Capital Grants	1,137,270	300,000	43,100	-	(300,000)	(43,100)
Proceeds from capital assets dispositions	(12,384)	-	26,900	-	-	(26,900)
Debt Proceeds	3,419,054	-	-	-	-	-
Total Revenues and Other Sources	21,498,419	18,028,590	16,804,000	17,618,900	(409,690)	814,900
Expenditures and Uses						
Personnel Cost						
Salaries and Wages	4,771,543	4,815,720	4,634,500	5,015,109	199,389	380,609
Employee Fringe	1,490,561	1,615,685	1,482,900	1,682,800	67,115	199,900
Professional Services	30,190	50,400	61,800	125,900	75,500	64,100
Services and Supplies	3,279,610	3,719,680	3,541,000	3,666,750	(52,930)	125,750
Insurance	237,836	265,300	279,000	280,000	14,700	1,000
Utilities	962,524	1,111,800	1,104,600	1,090,300	(21,500)	(14,300)
Cost of Goods and Services Sold	912,809	918,350	930,600	827,900	(90,450)	(102,700)
Central Services Cost	673,500	706,000	706,000	745,000	39,000	39,000
Fuels Management	99,957	100,000	100,000	100,000	-	-
Capital Expenditures						
Capital Improvements	2,094,300	2,691,214	2,259,200	2,731,208	39,994	472,008
Capital Carry Forward	847,380	-	-	-	-	-
Debt Service						
Principal	1,827,299	1,458,814	1,458,814	1,513,397	54,583	54,583
Interest	371,235	285,824	285,824	244,400	(41,424)	(41,424)
Fiscal Agent Fees	984	1,078	1,078	758	(320)	(320)
Interfund Transfers and Adjustments						
Transfers In/Out	-	-	-	(400,000)	(400,000)	(400,000)
Funded Capital Resources	-	(111,000)	(111,000)	(250,000)	(139,000)	(139,000)
Total Expenditures and Uses	17,599,728	17,628,865	16,734,316	17,373,522	(255,343)	639,206
Net Sources and Uses	3,898,691	399,725	69,684	245,378	(154,347)	175,694

IVGID Departmental Budget Summary

Beach Fund Summary

Sources and Uses

	2012-13 Actual	2013-14 Budget	2013-14 Est. Actual	2014-15 Budget	\$ Chg Bud to Bud	\$ Chg Est Act to Bud
Revenues						
Sales and Fees	866,215	569,650	748,700	649,700	80,050	(99,000)
Concessions	63,915	62,500	68,600	62,500	-	(6,100)
Sales Allowance	(77,888)	(68,520)	(59,200)	(68,500)	20	(9,300)
Facilities Fees	775,102	773,800	773,800	774,300	500	500
Rents	127,999	107,600	132,600	118,700	11,100	(13,900)
Other Financing Sources						
Investment Earnings	6,160	3,600	3,300	2,500	(1,100)	(800)
Proceeds from capital assets dispositions	-	-	1,100	-	-	(1,100)
Debt Proceeds	55,948	-	-	-	-	-
Total Revenues and Other Sources	1,817,451	1,448,630	1,668,900	1,539,200	90,570	(129,700)
Expenditures and Uses						
Personnel Cost						
Salaries and Wages	443,929	539,045	548,300	631,509	92,464	83,209
Employee Fringe	110,821	154,016	151,100	171,035	17,019	19,935
Professional Services	4,683	15,000	3,100	15,000	-	11,900
Services and Supplies	303,025	352,720	359,400	378,520	25,800	19,120
Insurance	22,715	19,500	18,000	18,100	(1,400)	100
Utilities	77,989	79,500	83,200	84,300	4,800	1,100
Central Services Cost	63,600	72,000	72,000	73,000	1,000	1,000
Capital Expenditures						
Capital Improvements	550,396	366,520	62,200	228,500	(138,020)	166,300
Capital Carry Forward	(60,270)	-	-	-	-	-
Debt Service						
Principal	112,701	263,186	263,186	270,602	7,416	7,416
Interest	19,118	12,290	12,290	3,209	(9,081)	(9,081)
Fiscal Agent Fees	116	113	113	108	(5)	(5)
Interfund Transfers and Adjustments						
Funded Capital Resources	-	(425,260)	(425,260)	(355,000)	70,260	70,260
Total Expenditures and Uses	1,648,823	1,448,630	1,147,629	1,518,883	70,253	371,254
Net Sources and Uses	168,628	-	521,271	20,317	20,317	(500,954)

EXHIBIT "K"



Budgeting and Fiscal Management Adoption of Financial Practices Policy 6.1.0

POLICY. The District will maintain the following practices:

- 0.1 Financial Planning
- 0.2 Revenue
- 0.3 Expenditure

The District's adopted financial policies should be used to frame major practice initiatives and be summarized in the budget document.

These practices, along with any others that may be adopted, will be reviewed during the budget process. The Finance and Accounting staff should review the practices to ensure continued relevance and to identify any gaps that should be addressed with new practices. The results of the review should be shared with the Board of Trustees during the review of the proposed budget.

Practice categories that should be considered for development, adoption and regular review are as follows:

0.1 Financial Planning

1.0 Financial Planning Practices

These practices address both the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, the District practices support:

- 1.1 Balanced Budget. The District shall adopt a practice(s) that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs. ★
- 1.2 Long-Range Planning. The District shall adopt a practice(s) that supports a process that assesses the long-term financial implications of current and proposed operating and capital

EXHIBIT “L”

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next morning. This stocking on the previous night is to make quicker in the morning.

Mr. Smith said that Mr. Hammerel has to leave at 3:20 or 3:25 p.m. and that he wants to cover things at the high level and that while he doesn't know where we want to go he would like to have some time to talk from a Trustee level. Mr. Johnson said we could change gears and then return to this afterwards. Mr. Pinkerton distributed three handouts.

Mr. Smith said that in October of 2013, the Board had a meeting and they went through a breakeven exercise on facilities and that Trustees Hammerel, Smith, Simonian and Devine said that the Championship and Mountain Golf Courses should breakeven and Trustee Wolfe said that there should be a profit at the Championship Golf Course. The loss is at \$800,000 and it is increasing. The direction the Board gave didn't come back in the budget and GGA did a survey and evaluated the operations and they had a five year plan to breakeven and that the breakeven plan indicated a total loss of \$400,000 but here we are projected to lose a million dollars. This is going in the wrong direction and the Board said follow the playbook and Staff didn't follow the playbook. We have hired two consultants since then and he can't sit here in front of this community and allow the losses to continue. The direction by the Board to the Golf Manager and the former General Manager wasn't taken seriously. Chairman Smith continued that he has been working with Mr. Metzler for ten to twelve years and that he has a lot of respect for him and he works with him a lot and that Mr. Metzler took an interest in working with us about seven years or so ago. We have to do what's good for the golf courses and the residents and we have to give great service and have to look at efficiencies, marketing, etc. We have a huge opportunity to make a dent in this through several avenues. Our resident golfers are taking up our prime time golf and they are paying \$60 per round; Brockway is charging twice that amount. This is about public relations and politics as well as looking out for the best interest of the District. We can't go and turn it upside down but we have a five year plan which he is excited about and that he sent to Mr. Metzler who thought it was pretty good. We have done this before in the District where we don't execute it because we find things that are wrong so we hire more consultants to go through things again and it is frustrating. This is nothing against Mr. McCloskey and he has heard great things about our golf course maintenance but we need to drill down on whatever we can accomplish.

Mr. Hammerel said that the Board did do the breakeven exercise and what he got from that, from the Board, is that if it was a money generating enterprise such

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as ski or golf that we should strive to breakeven on operations, capital, and debt service. Last year, we spent \$10 for the Championship Golf Course operations and this year there is another \$10 for Championship Golf Course operations from the Recreation Fee and while it hasn't gone up, it hasn't gone down so he would like to chip away at the operational costs. GGA was probably aggressive and something that we can strive towards. GGA promised us the world two years ago but we are still taking \$10 from each Recreation Fee that we hoped would be further along. How do we begin to prepare for the political and public relations disruptions with the golf clubs that we need to start increasing our rates to breakeven so as to get to where the golf course is paying for itself. He doesn't know the members or the politics so what can we do to prepare ourselves to collaborate with these clubs for a viable solution for everybody. Maybe the golf clubs aren't not the only problem but paying \$60 at peak time is probably contributing to our loss each year. ★

Mr. Metzler said that this situation is not unusual but what is unusual is that the District has something else to fund it with and that the semi-private club is the District. You have 8,200 ratepayers and the burden is on all 8,200 ratepayers. In looking at your history, after the remodel, golf was taking a decline and you lost about 10,000 rounds of rounds which is the difference between being profitable and not profitable. The nucleus of the people who use it varies in method and the all you can play pass paid \$47 per round. ★

Mr. Smith asked Mr. Metzler to go through what he has and to do his pitch to us. Mr. Metzler said he has a slice and dice approach and he distributed various handouts that he said were the latest and greatest and that Mr. McCloskey gave him a lot of information which he appreciates. Mr. Smith asked if Mr. Metzler's group can help and does this do all the things we need to do. Mr. Eick said that he would love to get all the perspectives for all the functionality. Mr. Metzler said there was \$50,000 in there and is that for software or hardware upgrades. Mr. Eick said it is strictly for software. Mr. Metzler said they could do a whole lot better than that. Mr. Eick said that \$25,000 to \$30,000 is the right range. Mr. Metzler asked if this was a monthly fee or for supplying and supporting it and that he thought it was for hardware as the software upgrade may cause hardware upgrade.

Mr. Metzler said that the first thing is a survey of the competition and he went over the list and the specifics. Mr. Smith noted that Edgewood had it to the hour. Mr. Metzler then went over the competitors list and the play plans. Mr. Hammerel asked if we got a lot of non-resident repeat business. Mr. McCloskey said not a

EXHIBIT "M"

None of the presently outstanding or proposed bond issues use a tax levied on the assessed valuation of property in the District to meet debt service requirements. Each issue has been repaid from the identified resources developed from user fees or the Recreation and Beach Facility Fee which is collected on specified parcels within the District's boundaries.

Sources Available to Pay Existing, Authorized Future and Proposed General Obligation Bond Indebtedness

The District's annual operating budget process considers the use of resources in an order of priority. User fees and the Recreation and Beach Facility Fee are set at levels to assure the proper coverage of debt service requirements from each activity for its related bond. The capital improvement charges which are a part of utility rates are adopted by ordinance and are established in a process that allows public notice and input before setting a schedule for several years at a time. The District's elected Board of Trustees adopts a rate with each budget year. Similarly the Recreation and Beach Facility Fee is set each year and includes a matter of public notice and hearing before adoption.

The assumptions for rate of collection have proven to be at adequate levels so that amounts realized are sufficient to meet intended needs including debt service requirements.

General Obligation Debt Limit

State statutes limit the amount of indebtedness to no more than 50% of the District's total assessed valuation. Based on the reported assessed valuation of \$1,368,960,000 the available debt limit is \$684,480,000. With an outstanding balance of \$18,646,386 as of June 30, 2011, this leaves approximately \$665,000,000 available. Other factors to be considered include District revenues, market conditions and the types of projects to be funded.

General Obligation Debt Comparisons

The District's general obligation bonds are issued pursuant to NRS Chapter 350 and Chapter 318. The District's general obligation bonds constitute direct and general obligations of the District and the full faith and credit of the District is pledged to the payment of the principal and interest, subject to Nevada constitutional and statutory limitations on the aggregate amount of property taxes. The bonds are payable from the general property taxes on all taxable property in the District. The bonds are additionally secured by certain pledged revenues.

Prepared by: Incline Village General Improvement District Finance and Accounting




The general obligation bonds are payable by the District from any source legally available; at the times such payments are due, including the General Fund of the District. In the event, however, that such legally available sources of funds, including net pledged revenues, are insufficient, the District is obligated to levy a general tax on all taxable property within the District for payment of the general obligation bonds, subject to the limitations provided in the constitution and the statutes of the State of Nevada (the State). ★

In any year in which the total property taxes levied within the District by all applicable taxing units (e.g., the State, the County, the District, the school district, any city or any special district) exceed such property tax limitations, the reduction to be made by those units must be in property taxes levied for purposes other than the repayment of their bonded indebtedness, including interest on such indebtedness.

Nevada statutes provide that no act concerning the District's bonds or their security may be repealed, amended or modified in such manner as to impair adversely the bonds or their security until all of the bonds have been discharged in full or provision for their payment and reception has been fully made.

The District currently has no outstanding general obligation debt paid by the levy of a specific property tax. Principal and interest on the District's debt are payable from the various pledged revenues of the District. There is no impact on the property tax rate so long as the net pledged revenues are sufficient to pay debt service. ★

**Outstanding General Obligation Debt
As of June 30, 2011**

Issue	Issue Date	Maturity Date	Amount Issued	Outstanding
Medium-Term General Obligation Bonds Recreation				
Recreation	03/01/03	03/01/13	\$5,500,000	\$1,365,000
Recreation Impr. (Ski)	06/18/08	06/01/18	7,000,000	<u>5,155,000</u>
Total Medium-Term GO Debt				<u>6,520,000</u>
General Obligation Revenue Bonds Recreation				
Recreation and Refunding	09/01/02	09/01/22	6,205,000	4,005,000
Recreation Refunding	02/01/04	10/01/14	4,445,000	<u>2,040,000</u>
Total GO Revenue Recreation Debt				<u>6,045,000</u>
 Total Recreation Revenue Support Debt				<u>12,565,000</u>
Utility General Obligation Revenue Bond				
Water Refunding	06/01/03	06/01/13	2,130,000	480,000
State of Nevada - State Revolving Fund (SRF)				
Clean Water C32-1006	10/29/92	07/01/12	4,400,000	462,139
Clean Water CS32-0404	08/01/06	01/01/26	3,000,000	<u>2,541,338</u>
Total GO Revenue Utility Debt				<u>3,483,477</u>
Total Bond Debt				<u>16,048,477</u>
Other Debt (Loan Contracts with Revenue Pledge)				
Clean Water C32-0204	10/28/02	01/01/23	1,687,402	1,277,050
Dark Water IVGID-1	09/09/04	07/01/25	1,702,380	<u>1,320,859</u>
Total Loan Contracts with Revenue Pledge				<u>2,597,909</u>
Total Debt Outstanding				<u>\$18,646,386</u>